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ANNEXURE A

Annual Report for the Year 2010/11

Gert Sibande
District
Municipality

"A District Municipality Striving to Excel in Good Governance and Quality Infrastructure."

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Vision

"A District Municipality striving to excel in good governance and quality infrastructure"

Mission

"Ensuring a better life for all in the District through:

- Municipal Infrastructure Development
- Economic and Tourism Promotion
- Functioning Ward Committee System
- Community and Stakeholder Participation
- Efficient System and Administration
- Human Resource Development "

Our 2010/2011 Message

"Working together speeding up Service delivery and Infrastructure development."

Acronyms and Abbreviations

Acronyms and Abbreviations	
AIDS	Advanced Immune Deficiency Syndrome
BB BE E	Broad-based Black Economic Empowerment
CBPWP	Community Based Public Works Programme
CFO	Chief Financial Officer
DWAF	Department of Water Affairs & Forestry
EPWP	Extended Public Works Programme
FM G	Financial Management Grant
GAAP	Generally Accepted Accounting Practices
GAMAP	Generally Accepted Municipal Accounting Practices
GDS	Growth and Development Strategy
GIS	Geographic Information System
GPS	Global Positioning System
GRAP	Generally Recognised Accounting Practices
GSDM	Gert Sibande District Municipality
HAST	HIV & Aids
HAZMAT	Hazardous Material
HDI	Human Development Index
HIV	Human immune-deficiency virus
HR	Human Resources
HRM	Human Resource Management
IAS	International Accounting Systems
ICT	Information Communications Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
LED	Local Economic Development
LG	Local Government
LM	Local Municipality
MFMA	Municipal Finance Management Act
MIG	Municipality Infrastructure Grant
MIS	Management Information System
MM	Municipal Manager
M PCC	Multi-Purpose Community Centre
MSIG	Municipal Systems Improvement Grant

OHS	Occupational Health & Safety
PPE	Property, Plant & Equipment
SA	South Africa
SAICA	SA Institute of Chartered Accountants
SALGA	South African Local Government Association
SARS	South African Revenue Services
Seta	Sector Education & Training Authority
SM ME	small, medium and micro enterprise
WSDP	Work Skills Development Programme
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

CHAPTER ONE

Overview of the Gert Sibande district municipality

Introduction

Democracy in South Africa is underpinned by a Social pact between the Government that is, the Citizenry and the Authority that is mandated to govern. This is especially true in Local Government, which is the coalface of development interventions by the Government, where locals need to be involved in all the decisions of their developments.

Local Government is therefore strategically positioned to harness Developmental State, where participatory Framework that defines and enhances the relationship between Representatives and Citizenry. Part of its mandate requires that the Leadership of the District provide regular and predictable reporting on programme performance and the general developmental status in their jurisdiction. Gert Sibande District Municipality subsequent to the March 2006 Municipal Elections, recommitted itself to the Vision of Striving to excel in Good Governance and Quality Infrastructure.

The Annual Report is a very important instrument of ensuring that there is regular, impartial feedback to stakeholders, thereby strengthening accountability and transparency. The Municipal Finance Management Act, Act No 56 of 2003 (MFMA), requires that the District prepares an Annual Report for each Financial Year. Section 46(1) of the Local Government: Municipal Systems Act, Act No 32 of 200 (MSA) enjoins Municipalities to prepare and submit an Annual Performance Report for each Financial Year, articulating the Performance of the Municipality and its Service Providers in relation to the Developmental Objectives as enshrined in the Municipal IDP.

The 2010/11 Annual Report reflects on the performance of the Gert Sibande District Municipality for the Period 1 July 2010 to 30 June 2011. The Annual Report has been prepared in compliance with Section 121(1) of the MFMA, and Section 46 of the MSA respectively. This Annual Report was subsequently approved by the Municipal Council after following all the processes prescribed by Section 129 of the MFMA.

The Annual Report was further considered by the Oversight Committee established by the Municipal Council as directed by Section 129 of the MFMA to assist the Municipal Council in considering the Annual Report. The report of the Oversight Committee is also part of this report and is therefore made public in term Section 21A of the MSA.

In presenting this report for the financial year ended 30 June 2011, we acknowledge progress made during the 2010/2011 financial year as well as the daunting challenges that still lie ahead. A detailed account of all the challenges and remedial actions going forward has been provided within this report.

Municipal Powers and Functions

Local Government must provide a vision and leadership for all those who have a role to play in achieving local prosperity. The Powers and Functions of municipalities should be exercised in a way that has a maximum impact on the social development of communities and on the growth of the local economy. In addition to providing traditional services such as water provision and refuse collection, municipalities have a new expanded role to play. They must also lead, manage and plan for development within their respective jurisdictions.

The lack of certainty with regard to the 'Powers and Functions' between the District and Local Municipalities is one of the fundamental challenges impeding effective Municipal Planning, whilst brewing unnecessary conflicts among municipalities at the same time.

Due to capacity constraints, GSDM has assumed responsibility for several functions at some of the LM's at varying levels. The **Table** below depicts Powers, Duties and Functions allocated to GSDM and the respective Local Municipalities within its jurisdictional area as enshrined in different pieces of National, Provincial and Local Government Legislation respectively.

Table: Powers, Duties and Functions

Constitutional Mandate, Powers and Functions	GERT SIBANDE DISTRICT	Local Municipalities
Water & Sanitation	In terms of Section 83(3) (a) to (d) & Section 84(1)(a) of the MSA	In terms of Section 83(3) & Section 84(1)((b) & (d) of the MSA
LED in terms of Schedule 4 & 5 part (b) of the constitution & Chapter 7 (153)	✓	✓
MHS in terms of Section 84(1) (i) of the MSA	✓	x
Municipal Airports in terms of section 84(i) (j) schedule 4 part (b)	✓	x
Fire Fighting in terms of Section 84(i) (j) schedule 4 part (b)	✓	✓
Disaster Management in terms of section 25,42 & 53 of the DMA 57 of 2002	✓	✓
The Constitution of Republic of SA Act of 1996 in terms schedule 4& 5 part (b) of the constitution	✓	✓
Electricity in terms of section 84(1) (c) accept planning of the MSA	✓	✓
Waste Management in terms of schedule 4 & part (b) of the constitution	✓	✓
Housing in terms of providing land and bulk services	x	✓

Constitutional Mandate, Powers and Functions	GERT SIBANDE DISTRICT	Local Municipalities
FBS – targeted indigent register available	x	✓
Greening programme in terms of Schedule 4 & part (b) of the Constitution Environmental promotion	✓	✓
Municipal Planning in terms of MSA Section 84 (1) (a)	✓	✓
Municipal Roads in terms of Schedule 4 & part (b) of the Constitution	MSA S84(1)	✓
Child Care Facilities in terms of Schedule 5 & part (b) of the Constitution	✓	✓
Control of undertaking to sell liquor to the public in terms of Schedule 5 & part (b) of the Constitution	✓	✓
Facilities for accommodation, care/ burial of animals in terms of Schedule 5 & part (b) of the Constitution	✓	✓
Markets in terms of MSA S84(1)(k)	✓	✓
Municipal Abattoirs in terms of Schedule 5 & part (b) of the Constitution	MSA S84(1)(k)	✓
Promotion of Tourism In terms of Schedule 4 & part (b) of the Constitution[planning]	MSA S84(1)(k)	✓
Local Amenities / Sports facilities / Parks & Recreation in terms of Schedule 5 & part (b) of the constitution	x	✓
Billboards in terms of Schedule 5 & part (b) of the constitution	x	✓
Public Places in terms of Schedule 5 & part (b) of the Constitution	✓	✓
General comments on the powers and functions in government		There are challenges with the powers and functions in the Local Government sphere that needs to be looked at to ensure that they are

Constitutional Mandate, Powers and Functions	GERT SIBANDE DISTRICT	Local Municipalities
		clear and understandable.
General comments from demarcation board assessments in terms of Priority 1-3 Functions	That there should be service level agreements where DWAF or other providers are still performing water services on behalf of the locals	
	That all locals must ring fence its budgets per service rendered independently	
	That municipalities should improve on the performance of their functions [service delivery mechanisms]	

Executive Summary

Gert Sibande District Municipality's 2010/2011 Annual Report has been developed in accordance with the provisions of Section 121 of the MFMA, and Section 46 of the MSA respectively.

According to National Treasury Guidelines for the Annual Reports, the report should be comprised of five (5) Chapters to reflect the key activities undertaken within the organization during the Financial Year under review. A brief summation of the content of each Chapter is outlined below.

Chapter 1:
This Chapter articulates the District's Spatial Location in relation to other Districts within the Province. The composition of the District in terms of constituent Local Municipalities, and their centrality is also highlighted herein. Finally another critical component of this Chapter is the Demographics of the District per Municipality.

Chapter 2:
This Chapter reports on performance highlights of the District attained through both the direct and indirect allocations to the constituent Local Municipalities. Some of the Service Delivery successes, emanating challenges and remedial measures during the Financial Year under review are highlighted herein

Chapter 3:
This Chapter reports on the programmes and initiatives designed and implemented by GSDM to ensure sustainable improvements in Human Resource Development aspects such as skills Development; Employment Equity; Capacity Building and Training to mention but a few.

Chapter 4:
This Chapter is constituted of the Financial Statements of the Financial Year under review. Of key importance in this Chapter is the fact that the District has sustained its timeous submission of the Annual Financial Statements to the Auditor-General as enshrined in the Legislation. In doing so, the District has once more received an Unqualified Audit Report for the year in question. Personnel costs have been maintained at **22.16%** of the Operating Budget during the Financial Year, and our target is to maintain this ratio at **25.00%** or below.

The increased compliance level is reflected by the timely preparation, approval and submission of the IDP, Budget, SDBIP; PMS, Work Place Skills Plan, Annual Financial Statements and the signing of the Annual Performance Agreements by the Section 57 Managers.

Chapter 5:
This Chapter reports on Service Delivery attainments and challenges in relation to the Developmental Objectives as articulated in the District 2010/11 IDP. The format used for reporting is in line with the National Treasury guidelines. Performance progress is reported according to Five (5) PKAs as enshrined in the 5 Year Local Government Strategic Agenda

Overview of the Municipality (Demographics)

GSDM is demarcated as D30 as per the Municipal Demarcation Board, and is one of the three (3) District Municipalities that constitute Mpumalanga Province as per the depiction (Map 2) below.

The District Municipality is bordered by Ekurhuleni Metro to the west and Sedibeng District Municipality to the south west respectively both in Gauteng Province, Northern Free State and Thabo Mofutsanyane District Municipalities to the south east both in the Free State province, Ehlanzeni District Municipality to the north east and Nkangala District Municipality to the north respectively both in Mpumalanga Province, Zululand District Municipalities in KwaZulu-Natal Province to the south east, and Swaziland to the east.

Spatially Gert Sibande District Municipality is the largest of the three Districts in Mpumalanga Province at 31 846 km2, covering 40% of the Mpumalanga Province land mass.

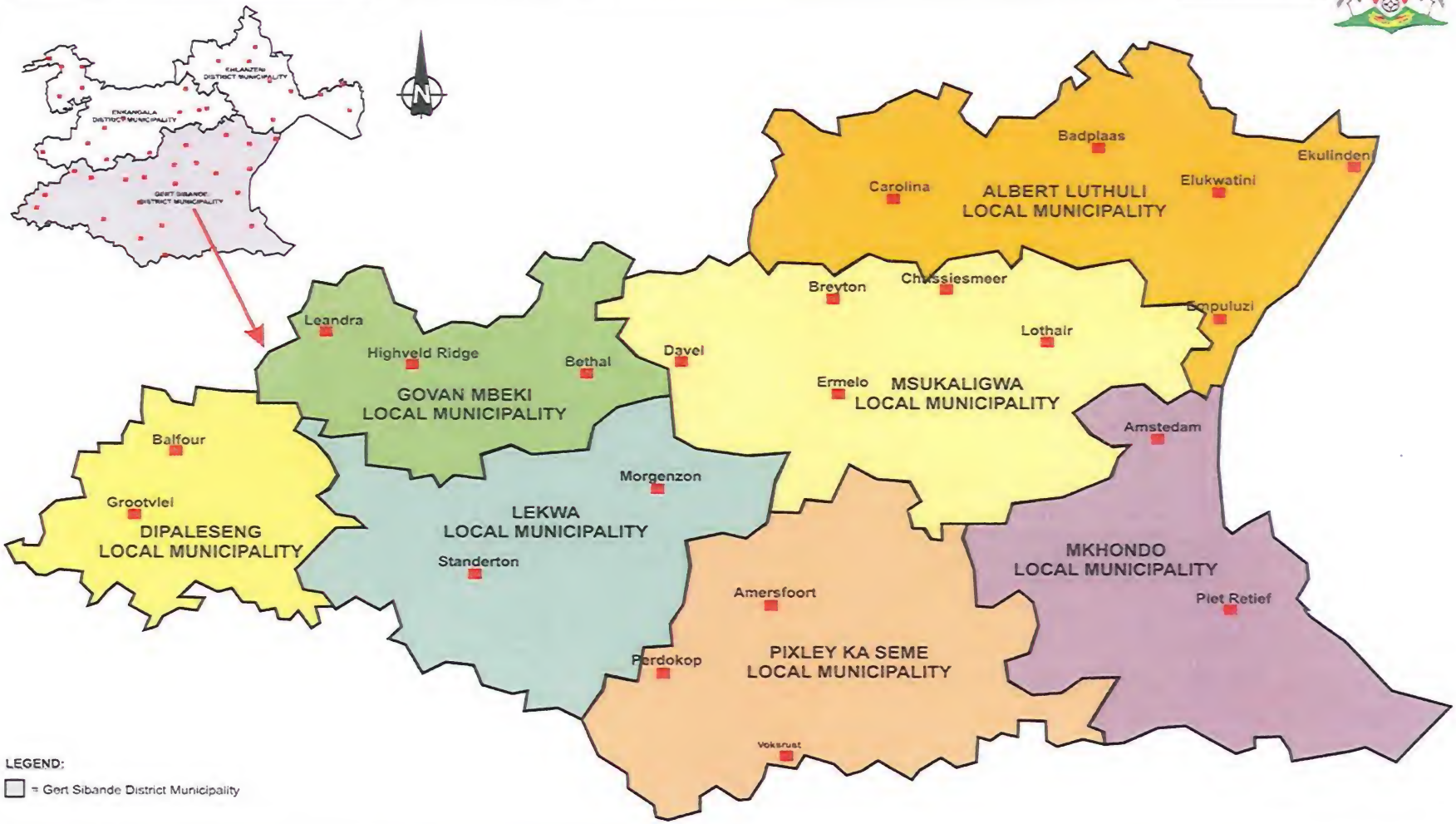
The District comprises of Seven (7) constituent Local Municipalities, viz: Albert Luthuli; Govan Mbeki; Dipaleseng; Lekwa; Mkhondo; Msukaligwa and Pixley Ka Seme respectively. The spatial size and main Administration Offices of these Municipalities are depicted in table 1 below.

Table 1: Local Municipalities Main Administration Offices

Local Municipality	Main Admin Location	Central Place Index	Area (km)	Average Density (Persons/km)
Albert Luthuli	Carolina	1.03	5 572,79	33.62
Dipaleseng	Balfour	1.20	6 016, 51	20.74
Lekwa	Standerton	2.98	4 868, 15	29.35
Msukaligwa	Ermelo	3.60	5.227.98	15.44
Mkhondo	Piet Retief	2.15	4 586, 19	22.51
Pixley Ka Seme	Volksrust	1.29	2 515, 28	14.77
Govan Mbeki	Secunda	3.08	2 958, 97	79.94
TOTAL			**31 845, 87**	**28.26**

[Source: Mpumalanga ISF, 2007]

The table above indicates that Ermelo which is in Msukaligwa is the most central of all the local municipalities, hence the move of the Gert Sibande offices to Ermelo.



MPUMALANGA PROVINCIAL GOVERNMENT
DEPARTMENT OF ROADS AND TRANSPORT

Municipal Areas in Gert Sibande

District Population Dynamics

According to the 2008 Regional Explorer estimates, Gert Sibande is home to 989,926 people and accounts for 26.7% of the Mpumalanga population. Gert Sibande population has grown by almost 19% since 1996 at an average annual rate of 1.7% compared to the Mpumalanga and National rates of 1.4% and 1.2% respectively. In the same period, Mkhondo grew at an annual average rate of 3.2% making it the fastest growing municipal population followed by Pixley ka Seme (2.3%), Msukaligwa (2.3%), Lekwa (2.1%) and Govan Mbeki (1.7%) while the Dipaleseng (0.2%) and Albert Luthuli (0.3%) growth rates were the only municipalities below the provincial average.

Table1: Gert Sibande Population and Growth Rate

Source: Gert Sibande District Municipality IDP, 2010/11

	Total population 1996 to 2008				**Population Growth Rate**
	1996	**2001**	**2007**	**2008**	**1996-2008**
National Total	41 780 470	45,145,618	47,963,626	48,289,602	1.2%
Mpumalanga	3 143 918	3,442,199	3,680,733	3,709,771	1.4%
Gert Sibande	823 973	926,540	983,343	989,926	1.7%
Albert Luthuli LM	186 750	189,276	191,035	191,281	0.3%
Msukaligwa LM	111 308	129,086	140,634	142,025	2.3%
Mkhondo LM	103 554	145,560	148,538	148,938	3.2%
Pixley Ka Seme LM	71 653	82,696	91,216	92,210	2.3%
Lekwa LM	94 298	107,163	116,698	117,833	2.1%
Dipaleseng LM	40 003	39,722	39,829	39,871	0.2%
Govan Mbeki LM	216 406	233,037	255,393	257,768	1.7%

Table 2: Population Contribution per Municipality and Number of Households

	GSDM POPULATION			Population Growth Rates		Municipal Population Contribution		
MUNICIPALITIES	2001	2007	2009	1997	1996-2009	2001	2007	2009
Gert Sibande DM	926,540	983,343	1,054,543			1	1	1
Albert Luthuli LM	189,276	191,035	191,413	1.0%	0.3%	0.2	0.19	0.18
Msukaligwa LM	129,086	148,249	152,443	3.9%	2.6%	0.14	0.15	0.15
Mkhondo LM	125,371	146,694	151,222	4.9%	3.1%	0.14	0.15	0.14
Pixley Ka Seme LM	82,696	93,593	95,910	3.8%	2.4%	0.09	0.10	0.09
Lekwa LM	107,163	120,578	123,486	3.5%	2.3%	0.12	0.12	0.12
Dipaleseng LM	39,722	39,829	39,893	0.8%	0.2%	0.04	0.04	0.04
Govan Mbeki LM	253,226	292,256	300,177	4.3%	2.8%	0.27	0.30	0.28

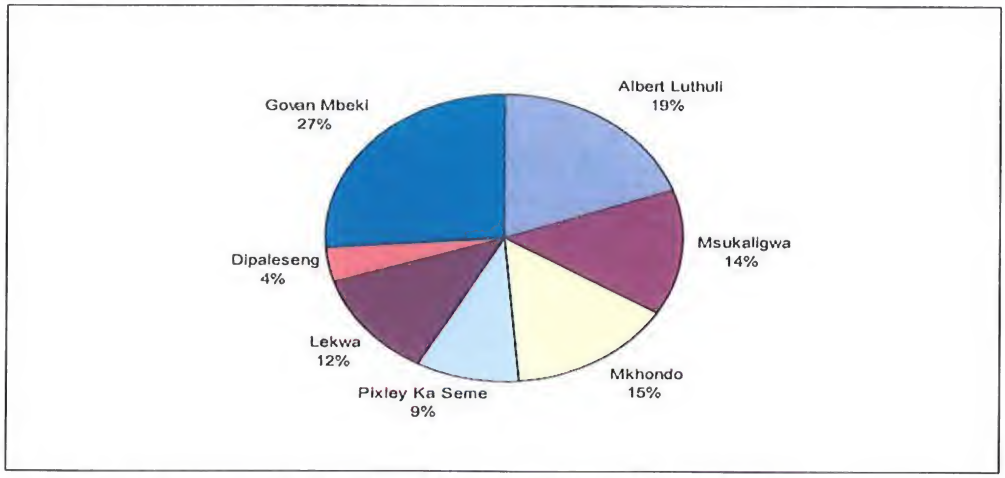
Source: Gert Sibande District Municipality IDP, 2010/11

The population contribution per municipality has not changed much in the last fourteen years (1996-2008) Govan Mbeki has been contributing over 25% to the district population followed

by Albert Luthuli at 23%. Msukaligwa moved from being the third contributor to the fourth while Mkhondo took the third position in terms of population contribution. Lekwa has always been in the fifth position with Pixley Ka Seme in the sixth and Dipaleseng in the seventh position. In 2008 Gert Sibande was estimated to have 260 755 households which represent a 68% growth since 1996. Using 2008 estimates in Table 2 above and Chart 1 below there are about 3.8 people per household in Gert Sibande. Govan Mbeki has 28% of the households followed by Albert Luthuli at 18%, Msukaligwa at 15%, Mkhondo at 13% then Lekwa, Pixley ka Seme and Dipaleseng at 12%, 9% and 0.04% respectively.

With 257,768 people chart 1 below show that the Govan Mbeki municipality accounts for the largest share (27%) of the Gert Sibande population followed respectively by Albert Luthuli (19%), Msukaligwa (14%), Mkhondo (15%) then Lekwa and Pixley ka Seme at 12% and 9% respectively. Dipaleseng on the other hand is the least populated municipality within the Gert Sibande, accounting for 39 901 people (4%) of the population.

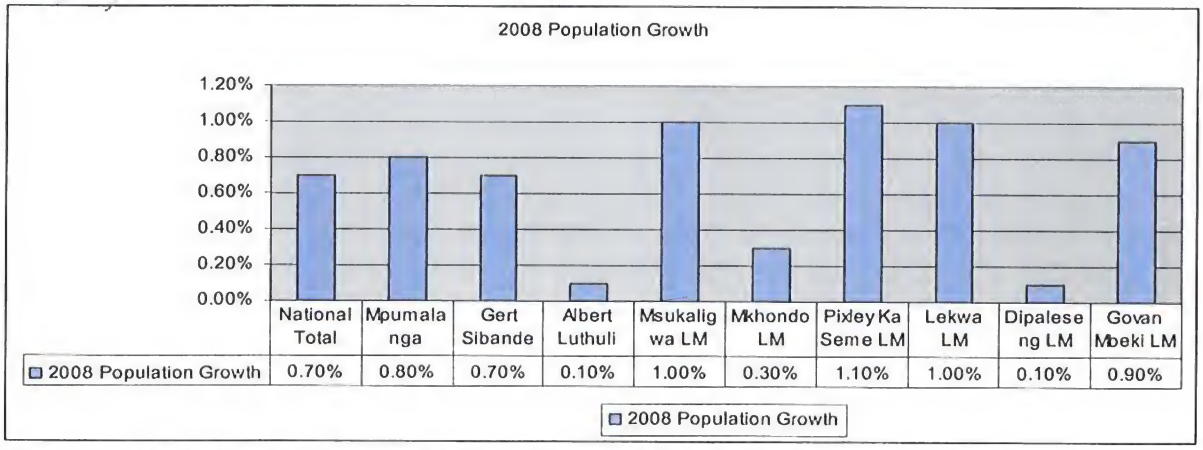
CHART 1: % POPULATION PER LOCAL MUNICIPALITY



Source: Gert Sibande District Municipality IDP, 2010/11

Chart 2 also shows that by 2008, Pixley Ka Seme experienced the highest (11%) population growth followed respectively by Lekwa (10%); Msukaligwa (10%); Govan Mbeki (0.9%), Mkhondo (0.3%) and Albert Luthuli and Dipaleseng both at (0.1%). Gert Sibande's population growth was in 2008 lower than and nationally (0.8%) but higher than the Mpumalanga (0.7%).

CHART 2: % POPULATION GROWTH



Source: Gert Sibande District Municipality IDP, 2010/11

The concentration of the Gert Sibande population within and around the Govan Mbeki local municipality is consistent with the assertion that, migration from rural to urban and peri-urban areas is driven by the hope of finding employment opportunities. Govan Mbeki has, as one of its magisterial areas, towns such as Secunda which is the heartland of the District economy. The population decline experienced by the Dipaleseng local municipality can probably attributable to out-migration due to its proximity to some of the major cities of the Gauteng province.

Table 3 below, depicts that in 2008 blacks accounted for the majority (90.7%) of the Gert Sibande population while Whites, Coloureds and Asians comprised 8.2%; 0.5% and 0.7% of the population respectively. This variable is consistent with both the provincial and national population characteristics. In case of the constituent local municipalities Albert Luthuli which is a more rural municipality has the highest number of africans contributing 97, 8% while Govan Mbeki LM has the lowest number of black population in the entire GSDM area. In contrast to all the municipalities Govan Mbeki and Lekwa have over 10% of their population being white 0.15% and 0.11% respectively while Albert Luthuli has the lowest number of the white population. The trend throughout GSDM is that there are more africans followed by whites, coloureds, then the population of the Asian origin with the exception of Lekwa where there are more coloureds than white.

The trend is that there are more females than males in all the municipalities with the exception of Lekwa and Govan Mbeki where there are more males than females.

Table 3: Population Groups and Gender Distribution

	DEMOGRAPHIC						
	Black	White	Coloured	Asian	Male	Female	Total
Mpumalanga	3,441,678	232,073	22,406	13,614	1,830,956	1,878,814	3,709,771
Gert Sibande	893,770	83,167	6,039	6,950	487,955	501,970	989,926
Albert Luthuli	187,128	3,543	293	317	90,828	100,453	191,281
Msukaligwa	128,444	12,182	373	1,026	70,226	71,799	142,025
Mkhondo	141,880	5,504	582	972	73,297	75,641	148,938
Pixley Ka Seme	85,249	5,990	405	566	44,306	47,904	92,210
Lekwa	101,561	13,126	1,952	1,194	59,655	58,178	117,833
Dipaleseng	36,200	3,255	65	350	19,776	20,095	39,871
Govan Mbeki	213,308	39,566	2,369	2,525	129,868	127,900	257,768

Source: Gert Sibande District Municipality IDP, 2010/11

TABLE 4: % Contribution per Population Group, Sex Proportion and Sex Ratios

	% Contribution per Population Group				**Proportions**		**Sex Ratio**
Area	**Blacks**	**Whites**	**Coloured**	**Asian**	**Males**	**Females**	
Mpumalanga	0.928	0.063	0.006	0.004	0.494	0.506	97.45
Gert Sibande	0.903	0.084	0.006	0.007	0.493	0.507	97.21
Albert Luthuli	0.978	0.019	0.002	0.002	0.475	0.525	90.42
Msukaligwa	0.904	0.086	0.003	0.007	0.494	0.506	97.81
Mkhondo	0.953	0.037	0.004	0.007	0.492	0.508	96.90
Pixley Ka Seme	0.925	0.065	0.004	0.006	0.480	0.520	92.49

Lekwa	0.862	0.111	0.017	0.010	0.506	0.494	102.54
Dipaleseng	0.908	0.082	0.002	0.009	0.496	0.504	98.41
Govan Mbeki	0.828	0.153	0.009	0.010	0.504	0.496	101.54

Source: Gert Sibande District Municipality IDP, 2010/11

All the municipalities with the exception of Govan Mbeki and Lekwa have the women outnumbering the number of males and the sex ratios range between 90 and 98 while Govan Mbeki and Lekwa have their sex ratio at 102.54 and 101 respectively. The District and 4 other local municipalities are in the below the provincial sex ratio of 97.45 with the lowest is in Albert Luthuli which is 90.42. Dipaleseng has the sex ratio above the provincial average but does not have the number of males outnumbering females.

From the table above it can be deduced that, whilst development initiatives within the District must continue to be inclusive and be based on the spirit of building a non-racial and non-sexist society, the plight of Africans as the culmination of the apartheid policies and lasting impacts thereof must be accordingly addressed towards ensuring a transformed and an integrated society.

Table 5: Number of households and (% of people living in urban areas) by population group

2008	Demographic					Development				
	Number of households by population group					Urbanization rate (% of people living in urban areas)				
	Black	White	Coloured	Asian	Total	Black	White	Coloured	Asian	Total
Mpumalanga	895,851	77,255	5,939	3,425	982,469	34.1%	87.7%	75.6%	91.7%	38.0%
Gert Sibande	229,796	27,582	1,615	1,762	260,755	53.6%	87.8%	82.7%	95.5%	57.0%

Source: Gert Sibande District Municipality IDP, 2010/11

Throughout the Gert Sibande District more than half of the population (57, 0%) reside in urban areas with only 53.6 of the entire black population being urbanised. It is only 12, 2% of the white population who reside in the non-urban areas, while it is only 17% for the coloured and 4.5% for the Asian communities.

Executive Mayor's Foreword

It is with utmost excitement that I have to present to you the 2010/2011 Gert Sibande District Municipality Annual Report. The GSDM has been involved with many developmental projects that, I am proud to be associated with as I have previously been a directly elected councillor of the GSDM and served as a member of the Mayoral Committee for Roads and Transport prior May 2011 Local Government Elections.
Our activities have always been informed by the five key strategic priories for Local Government

- Good Governance and Community participation and ward committee system
- Financial viability and financial management
- Local Economic development
- Improve service delivery and infrastructure investment and
- Municipal transformation to and institutional capacity development.

This annual Report I am presenting will seek to detail the programmes and projects that the Gert Sibande District Municipality has involved itself with in the last financial year. It is important to mention that even before we go into details with this report, the Auditor General in the year 2009/2010 declared unqualified audit report for this District with lesser matters of emphasis. It is my belief that even for this 2010/2011 annual report, the Office of the Auditor General will come to the same conclusion that the public funds in the hands of the GSDM have been well managed and utilised.

Of the major achievements that the previous council achieved has been the completion of first phase of the Gert Sibande District Municipal new Offices in Ermelo. This was a carefully planned move with the interest of the communities and service delivery in mind. Amongst the factors that led to this decision included the lack of capacity of the GSDM office in Secunda and subsequent poor performance in relation to the functions of the District municipality in general functions which was worsen by the location of the District Office. The Secunda office restricted centrality and easy access to various local councils within the District area and imposed the unnecessary long distance travelling expenses and operational costs. The new offices in Ermelo will now allow the District to recruit more relevant and qualified staff to further the interest of GSDM in as far as furthering service delivery and performance of all municipal functions.

Whilst we were busy with the construction of the new District Offices, we never lost sight of what the District Municipality is all about. The focus has always been provision of basic services including water and sanitation. These projects include refurbishment of water purification plants and waste water plants, provision of boreholes, hand pumps and VIP toilets.

Furthermore in connection with maintaining high quality levels for clean water and sanitation the district constructed a laboratory which was officially opened in the July 2010 and it is the view of management that this laboratory will obtain an independent accreditation status. Further, it must be highlighted that this GSDM laboratory is deemed to be the first water quality laboratory that has been constructed within the Mpumalanga Province and is a unique project at this level of governance in the Republic of South Africa. This project commenced operations in August 2010 with the management assistance of UMhlathuze Water in KwaZulu Natal. To date, four of the GSDM local municipalities have signed memoranda of understanding with GSDM to provide water testing services on an ongoing basis.

This project has been strengthened even more by professional functioning of our Municipal Health Services Unit. Our environmental health specialists have a programme for water

sampling from the purification plants and the water is tested at our own state of the art water quality laboratory.

We have also made major inroads with regards to ensuring proper management and mitigation during disastrous and unforeseen circumstances with the Disaster Centre of Mkhondo Local Municipality being added to the basket. Staff members have been recruited and employed to support the Disaster Centre. The Disaster Centre for Dipaleseng Local Municipality was completed in 2009/2010 and both centres are now fully operational.
In all these activities that the District has engaged on, has opened economic opportunities for people around the District. These projects have been implemented through Expanded Public Works Programmes and created job opportunities for the unemployed including youth, women and people living with disability.

The District remained committed in ensuring that best of services is provided for our local communities. One way we have done this has been through ensuring that we engage and form strong partnerships with other sector Departments. To mention a few, a partnership with the Department of Cooperative Governance and Traditional Affairs saw the community of Bethal / Emzinoni under Govan Mbeki Local Municipality having electricity that is not experiencing continuous interruptions like in the past.

Our cooperation with Department of Health has seen a slightest decrease in the HIV and AIDS infection rate in the District. The 2010/2011 GSDM annual report will put in details all the activities of the year in question

A lot of work has been done and we can rightly say the previous council – *iyibekile induku ebandla*, However there is still a lot more work to be done in order to eradicate completely the challenges and inequalities brought by our past. When we headed for the 2011 Local Government Elections our promise to the people of Gert Sibande included though not limited to,

- Build local economies to create more employment, decent work and sustainable livelihoods,
- Improve local public services and broaden access to them,
- Build more united, non-racial, integrated and safer communities,
- Promote more active community participation in local government, and
- Ensure more effective, accountable and clean local government that works together with the National and Provincial government.

In terms of complying with the government mandate relating to the addressing of crime and corruption GSDM undertakes to provide adequate resources financial and otherwise over the next five years that will reduce corresponding incidents drastically thereby ensuring that a better life is achieved for all citizens in the GSDM area of jurisdiction.

Municipal Manager's Foreword

COMPLIANCE:
The Accounting Officer of a municipality must, within six months after the end of a financial year or on such earlier date, submit the Annual Report for that financial year. The Mayor of the Municipality must, within the stipulated period, table in the Municipal Council the Annual Report. Following this, in accordance with Section 21A of the Municipal Systems Act, it is further expected that the Mayor make public the annual report and invite the local community to submit representations in connection with this Annual Report. This report has been prepared in compliance with the provisions of the Local Government: Municipal Systems Act, 32 of 2000, the Municipal Finance Management Act, 56 of 2003, as well as the National Treasury Circular number 11.

ANNUAL REPORTING:
Our municipal objectives are reflected on the Gert Sibande District Integrated Development Plan (IDP), The Budget, The Resolutions of the Municipal Turn-around Strategy, and the Service Delivery and Budget Implementation Plan (SDBIP). This report details the achievements made, challenges faced and corrective measures taken towards the fulfillment of these municipal objectives for the Financial Year 2010/2011.

The financial statements contained in this document present the details of the Gert Sibande District Municipality's financial standing as at the 30th June 2010. We note once again that our municipality received an unqualified audit opinion from the Auditor General. We are still basking in the glory of such an achievement for having been granted a clean audit for the five consecutive financial years, a precedent which indeed most, If not all, government institutions would want to emulate if this government is to see clean administration in all its spheres. However, this sense of achievement does not disregard the areas for improvement that demand our urgent corrective measures. The report of the Auditor General presented us with some matters of emphasis on performance management shortcomings. A Performance Management Manager was appointed and the full performance management function is now being performed by the municipality as expected.

The report was examined thoroughly by the Mayoral Committee and the Audit Committee prior to tabling it to the Council in order to determine the true nature of the activities recorded in this report in terms of the work carried out during the financial year. A report on the Annual Report was presented to Council for consideration and resolution. It would be out of unfairness if the appreciation to all those involved in the thorough consideration of the report and the significant inputs made whether in a form of comments or suggestions to improve our reporting was not expressed. We are forever grateful.

Gert Sibande District Municipality is known for making history, not just in the Region but in the Province and the country at large. Just across the street of our office headquarters, it is impossible to miss the facilities that are an initiative of this District – That is, the Gert Sibande Water Quality Testing Laboratory. We are honoured and humbled in that we are stationed and operate in a municipal building that consists of 182 offices, a state-of-the-art reference Library and an Information/ Tourism Centre to mention a few. Such an establishment provides a flexible environment and ease in our delivery excellence. Office space inconveniences are history.

The 03rd June 2011 marked a new era. For the first time in history, the Gert Sibande Council Inauguration was a special one. In that, it recognized Traditional Leadership. It was not only our Political Heads that were sworn to oath but also Amakhosi, Ondabezitha. We continue to foster the partnership between Gert Sibande District Municipality and the Gert Sibande Local House of Traditional Leaders.

Item Resolution EM59/2006 which approved the maximum number of 120 students for bursary assistance of needy students was fully implemented. Approximately 149 learners

from impoverished and disadvantaged backgrounds benefited from the Gert Sibande Bursary Funding Scheme. Some of these beneficiaries are now fully employed.

ADVISORY:
The overall key challenge that continues to stare the Council in the face is the growth of the Gert Sibande District in its entirety. This demands the development and implementation of integrated planning strategies at a municipality-wide, regional and neighbourhood level so that appropriate guidelines for both public and private development and investment are in place and in practice. Suggestive growth in a form of a Regional Airport, Regional Sports Complex, Regional Planning, and Regional Bulk Water Services and Rudimentary Services are areas that should be given priority during the next financial years.

It is imperative as we are also enjoined by constitutional precepts that we foster and maintain sound relations between the Council and other government institutions, not forgetting IEC. Indeed, to do otherwise would be imprudent as it would amount to ignoring the so far successful setup in which our Municipality finds itself.

APPRECIATION:
The improved delivery of services to our community during this financial year is owed to the support and critique received from the community we serve. Public development and public participation are as hand in a glove. This record of achievements would not have been realized without you. We also respect our Labour Unions in the midst of understandable disagreements that we all are striving to resolve amicably, for the good work relations and support. Our main purposes, the very core shared existence remains to be our common factor.

To the Heads of Departments and the entire Gert Sibande District Municipality staff, your contribution big or small ensured that the District achieved its strategic objectives during the reporting year. The political leadership continued to lead, direct and support us during a financial year which had its fair share of successes and challenges. Our sincere gratitude goes out to them. We have worked together, achieved together and now we look back and we celebrate together.

The 03rd June 2011 marked a new era. For the first time in history, the Gert Sibande Council Inauguration was a special one. In that, it recognized Traditional Leadership. It was not only our Political Heads that were sworn to oath but also Amakhosi, Ondabezitha. We continue to foster the partnership between Gert Sibande District Municipality and the Gert Sibande Local House of Traditional Leaders.

Item Resolution EM59/2006 which approved the maximum number of 120 students for bursary assistance of needy students was fully implemented. Approximately 149 learners from impoverished and disadvantaged backgrounds benefited from the Gert Sibande Bursary Funding Scheme. Some of these beneficiaries are now fully employed.

Audit Committee

We are pleased to present our report for the financial year ended 30 June 2011.

1. Audit Committee Members and Attendance

In terms of the Municipal Finance Management Act (MFMA) and the Gert Sibande District Municipality's Audit Committee Charter, the Audit Committee must consist of a minimum of 3 members who must be external independent members. None of the members may be Councillors.

The Audit Committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved Charter. There were 5 meetings held during the current financial year, which included special meetings.

Name of member	Number of meetings attended
Mr. Cassim Mohamed (Chairperson)	5/5
Mr. M Mothamaha	5/5
Prof. L de Clercq	4/5

2. Audit Committee's Responsibilities

The Audit Committee's responsibilities are outlined in Section 166(2)(b) of the Municipal Finance Management Act (No 56 of 2003). The Audit Committee has adopted appropriate formal Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

A summary of the Audit Committee's responsibilities in terms of the MFMA and its Charter is, that it is responsible for, among other things, the following:

- Advise the municipal council, the political office bearers, the accounting officer and the management staff of the municipality on matters relating to –
  i) internal financial control and internal audits;
  ii) risk management;
  iii) accounting policies;
  iv) the adequacy, reliability and accuracy of financial reporting and information;
  v) performance management;
  vi) effective governance;
  vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
  viii) performance evaluation; and
  ix) any other issues referred to it by the municipality;
- Review the Annual Financial Statements of the municipality;
- Respond to the council on any issues raised by the Auditor-General in the audit report;
- Carry out such investigations into the financial affairs of the municipality as requested by council.

The Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently.

3. The Effectiveness of Internal Controls

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King 3 Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, it was noted that no significant or material non-compliance with the prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was effective.

The Audit Committee is satisfied with the internal controls in place and overall adherence to those controls.

4. Internal Audit Function

Internal Audit is an independent directorate at the Municipality and forms a significant part of governance within the District. Internal Audit is mandated to provide independent, objective assurance and consulting services, geared towards adding value and improving the Municipality's operations.

Internal Audit plans are informed by the District's strategy and risks and its staff is well qualified and experienced to ensure the necessary competence to meet the Municipality's diverse requirements.

During the 2010/11 financial year, Internal Audit provided assurance regarding the adequacy and effectiveness of controls in the business processes of the Municipality and contributed to further strengthening the governance mechanisms within the Municipality by providing quality reports, which the Audit Committee uses to effectively exercise its oversight responsibility, in terms of its Charter.

The Audit Committee is satisfied with the performance of the Internal Audit Function and reports that internal audit work as detailed in the Operational Internal Audit Plan was completed by the end of the financial year.

5. Evaluation of the Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited Annual Financial Statements to be included in the Annual Report;
- Reviewed the Auditor-General's management letter and management responses;
- Reviewed the accounting policies and practices;
- Evaluated the audited Annual Financial Statements to be included in the Annual Report, and based on the information provided to the Audit Committee, considered that the said statements comply in all material respects with the requirements of the MFMA and Treasury Regulations as well as South African Statements of Generally Accepted Accounting Practice (GAAP) and certain statements of Generally Recognised Accounting Practice (GRAP) and statements of Generally Accepted Municipal Accounting Practice (GAMAP);

- Concurred and accepted the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General;

6. Performance Management and Information

The Committee reviewed the quarterly performance reports and the quarterly internal audit reports on the Performance Management System and Performance Information. Based on the review of the quarterly performance reports certain areas requiring improvement were noted. These matters are included in the Municipality's Internal Audit Reports on the Performance Management System and Performance Information. Although certain aspects require improvement the Committee noted that systems and procedures have been implemented by the Municipality to ensure monitoring of organisational performance.

7. Conclusion

I would like to thank my colleagues for making themselves available to serve on this Committee and for the significant contribution that they have made.

As an Audit Committee, we rely to a great extent on the Internal Audit Unit for their support and assistance and, in particular for the role they continue to play in improving the accounting and internal auditing systems and controls at the Gert Sibande District Municipality. We are indebted to them for their efficient service and assistance.

We are also grateful to the Municipal Manager and the management of the Gert Sibande District Municipality for their assistance during the financial year.

C Mohammed
Chairperson: Audit Committee

CHAPTER 2

Introduction to Performance Highlights 2010/11

A District Municipality striving to excel in Good Governance and Quality Infrastructure.

Culminating from the state of the Nation and state of the Province Addresses respectively, and aforementioned consultation and engagements with varying stakeholders the following Key Development objectives were identified as pertinent in bringing about improved quality of life for our entire populace:-[1]

- Facilitate creation of more jobs and descent work;
- Form strategic partnerships in fighting hunger and poverty;
- Advocate for access to quality education for all our citizens;
- Ensure proper health care for all our communities;
- Ensure sustainable development of all rural communities within our jurisdictional area;
- Harness the building of safer and secure communities

In an endeavour to make a significant impact towards improving the plight of our communities we have accordingly identified the following Key Strategic Focal Areas as pertinent:

- Municipal Transformation and Organization Development
- Municipal Financial Viability and Management
- Local Economic Development
- Infrastructure Development and Service Delivery
- Social Development and Community Services
- Intergovernmental Relations, Good Governance and Public Participation

Therefore the purpose of this section is to provide feed-back regarding the Institutional Performance of Gert Sibande District Municipality (GSDM) based on the IDP, SDBIP[2], Strategic Scorecard and GSDMTAS[3] developed for the financial year 2010/2011. The scorecards are developed to reflect ***cumulative performance***, and the status of the indicators is a reflection of the overall performance for the financial year. This is a high-level report based on scores obtained through a process whereby actual information per Key Performance Area (KPA), objectives, programmes and projects are compared to the KPIs and budget included in the 2010/11 Integrated Development Plan. For ease of reference the report is divided into the following sections when reporting on performance:

- IDP Reporting
  - National KPIs
  - IDP KPIs
  - GSDMTAS Scorecard Performance
  - Strategic Scorecard Performance
- SDBIP Performance
- Departmental Performance[4]

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[1] Integrated Development Plan 2010/10, available from the municipal website at http.gsibande.gov.za/Documents/GSDM FINAL IDP 2010/11

[2] Service Delivery and Budget Implementation plan available from the Department Budget & Treasury

[3] Gert Sibande District Municipality Turn Around Strategy available from the Municipality

[4] Departmental Performance relates to the overall performance for each department i.t.o. the KPIs and activities applicable to that department and as indicated through the departmental performance reports. Refer to the departmental performance reports for more information, addendums A&B.

Detail on individual Key Performance Indicators (KPIs) and Projects are included in the attached addendum A & B. .

Overview:

Gert Sibande District Municipality has been involved in developing a performance management system that can be measured through a scoring mechanism for the last three years. The overall performance level achieved by Gert Sibande District Municipality at the end of the financial year was a score of 3.98, reflecting consistent performance with the third quarter result of 3.96, a slight decrease from the mid-year score of 4.06 and a slight increase from the first quarter result of 3.86.A summary follows:

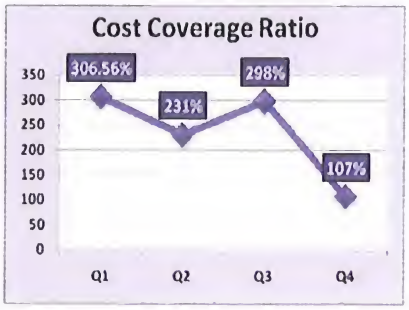
- The IDP Performance Reporting received an average score of 3.87
- The SDBIP received an average score of 4.17
- The Departmental performance [5]received an average score of 3.89

IDP Reporting consists of the scorecards measuring the National KPIs, Indicators as published in the IDP, GSDMTAS indicators and projects, as well as the strategic scorecard indicators and projects. Achievements are summarised by category in the following sections.

1. Achievements by Category

1.1 National Indicators

The fixed Operating Expenditure has continued to be kept to a minimum. No surplus funds were available for investment compared to the R 140 000 000 invested during 09/10. The cash availability were just below target, but higher than the R 28 000 000 from the previous financial year. Slight over expenditure on the total Capital Budget has been experienced with 101.45% (R117 834 839/R116 152 030) being spent. The over expenditure was mainly due to the alterations to the new offices. Cost Coverage was at 107% above the targeted 85% and lower than the 995.94% achieved during the previous financial year.



1.2 IDP Scorecard

The percentage of employees in the highest levels of Management who are Black (A, I, & C)[6] stood at 82% exceeding the annual target of 65% and the previous year (09/10) status of 52.2%. There was a 100% implementation rate of all of the HR (Human Resource) policies at mid-year exceeding the quarterly and annual target set at 85%. This relates to 17 Council approved administrative policies that were implemented. This is an increase from the previous

[5] Refer to Departmental performance reports for more information

[6] Asian, Indian and Coloured

financial year where a 75% implementation rate was recorded

All (R238 147 966) of the Gazetted funds were received in line with 100% received during the previous financial. There was full compliance to accounting standards and systems (GRAP/GAMAP[7]) as well as to budgetary legislative deadlines and all financial statements were submitted to the AG before 31 August 2010. Additional Grant funding was sourced from DWAF[8] during the fourth quarter in the amount of R 8 000 000 and an additional loan in the value of R 35 000 000 was secured from ABSA during December 2010. In total, 84% (75/89) of tenders were awarded to contractors that scored more than 50% as per the BBBEE scorecard rating. The average time taken from tender advertisement to the award of the tender was 4.86 weeks during the fourth quarter and 3.28 weeks for the third quarter against the annual target of 4 weeks.

The construction for the Disaster centres is ahead of schedule. Two facilities from the planned three facilities have reached practical completion namely, Dipaleseng (Project no. 45/2008) and Mkhondo (Project no. 46/2008).

1.3 Turn Around Strategy (GSDMTAS)

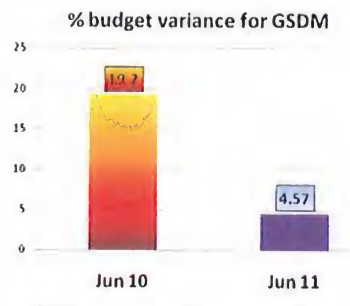
The *Integrated Water Services Development Plan* (IWSDP) was approved by Council (refer to Item C11/05/2011) and the Installation phase of the Management Information System was completed by the end of March 2011. The Draft IDP Framework was submitted to Council for approval on the 20th of August 2010 and the IDP was approved by Council in May 2011. Agreements have been drafted for all the LM's for utilisation of the GSDM laboratory. Two Insight Magazines were issued as well as a 5 year booklet (Echoes of the Lion of the East, 5 Year Journey 2006 - 2011) was compiled and printed.

In total, 73% (8/11) of the critical vacant positions were filled exceeding the annual and previous financial year's target of 60%. This relates to eight (8) positions from the vacant 11 positions.

The *Monthly Financial Statements (and cash flow model)*, the *Asset Management Implementation Plan*, the *Submission of Annual Financial Statements* and the *Revenue Enhancement / Loan Programme* have all been completed. The *Religious affairs (Moral Generation)* were successfully concluded with the Moral regeneration movement that was held on the 31st of December 2010.

1.4 Strategic Scorecard

An ***unqualified* audit opinion** on the Financial Statements of GSDM for the 2009/10 financial year was again achieved as per the previous financial year meaning that **no qualifications were raised during the external Audit report for 09/10.**



The overall budget variance for the Municipality stood at only 4.57% at the end of the fourth quarter against the targeted maximum of 10%. This shows a significant improvement in performance over the -19.2% variance from the previous year. The *Three Year Financial Plan/Budget* project was completed and

[7] Generally Recognised Accounting Practices / Generally Accepted Municipal Accounting Practices

[8] Department of Water Affairs and Forestry

the final budget was approved on 12 May 2011. Overall, 90% (105 737 697 / 117 060 124) of the Direct Budget Allocations was spent and 91% of the Indirect Budget Allocations (R 22 338 217 / R 24 466 943).

Spending on training amounted to 1.25% of the municipality's budget exceeding the annual target of 1%. The project for "*Bursaries*" has been implemented with Conditional study grants being finalised for the new academic year. The District IGR Communications plan was completed. The 11/12 IDP was approved by the previous Council on the 12th of May 2011 as per approved IDP framework; the 11/12 Budget was approved on 12 May 2011 and the 11/12 SDBIP was approved by the newly elected Executive Mayor on the 29th of June 2011. Further, the Actual HIV/AIDS infection rate had a 2.4%[9] decrease from 40.6%.to 38.2% as per the municipal IDP's. There was a decrease in the *economic growth rate* of -3%.

2. Achievements by Department

2.1 Service Delivery and Budget Implementation Plan (SDBIP)

The **SDBIP Performance** scorecard achieved an overall score of **4.17**. The departments performed as follows:

1.1.1 The **Office of the Executive Mayor**:

All (4/4) quarterly meetings for the District Aids Council (DAC) took place by the end of the year. Attendance by traditional leaders at Council meetings achieved target with delegates attending all of the quarterly Council meetings.
Of the projects receiving Indirect Allocation, 100% (6/6) were started on time.

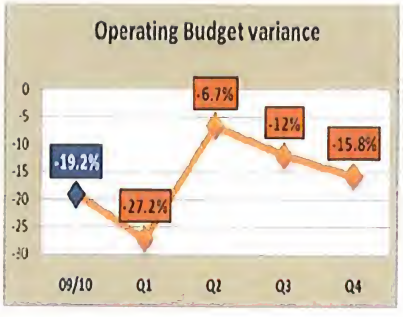
These included projects for:

- *Update Bulk Water/Sewer*
- *Coordination of HIV/Aids*
- *Disaster Management*
- *People with disabilities*
- *Promotion of the District/Communication*
- *Update /New IDP*

Disability awareness campaigns took place with a workshop was held in November 2010 to train 25 therapists and ten community members in sign language. The International Disability Day was held on the 13th of November 2010.

1.1.2 The **Office of the Municipal Manager**:

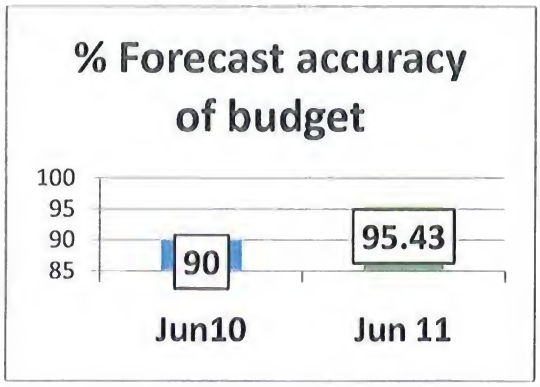
The *Risk Assessment Plan* project was completed and the reviewed risk register was submitted to the Audit Committee Meeting held 3 June 2011. The organogram for 2011/2012 was reviewed and approved during May 2011. Full participation by traditional leaders in Council meetings was achieved as per the previous financial year. In addition, the operating budget variance for the Office of the Municipal Manager was at -15.75% (R 640,620 / R 4,068,570) at the end of the financial year relating to a cost saving on operational expenditure. The variance at the end of the



[9] Statistical information on the HIV/Aids infection rate and Economic growth rate was sourced from the 11/12 IDP for Gert Sibande District Municipality.

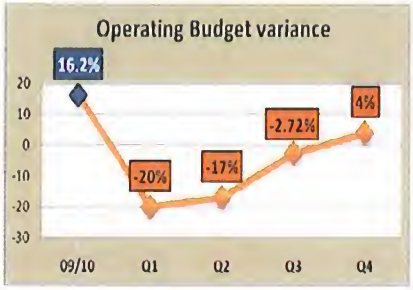
previous year (09/10) stood at -19.20%.

1.1.3 The **Budget and Treasury Department**:



The forecast accuracy of the budget was 95.43% in June 2011 exceeding the 90% achieved in the 2009/2010 financial year. The draft budget 11/12 was submitted to Council 20 January 2011 and the adjustment budget was approved on that date. The final budget was approved on the 28th of June 2011 by the newly elected Council and the SDBIP 11/12 on the 29th of June. In total, 14/17 AG queries were resolved and 6/7 departmental recommendations from Internal Audit was implemented. Seven projects were completed as follows: *Facilitation of approval of draft and final for MTREF period, Facilitation of approval of adjustment budget in compliance with MFMA, Annual approval of 11/12 budget* on *30 May 2011,* the *Review of Financial/Budget related Policies, three year financial plan/budget* and the *Compliance with the delegation register and GRAP project.*

1.1.4 The **Infrastructure and Technical Services Department**:

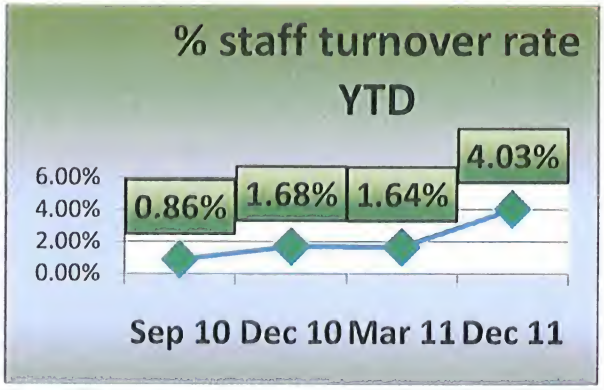


A total of 82% (9/11) of the departmental recommendations related to Internal Audit queries were implemented by the end of the financial year. The budget variance was at 4% with a deviation amount of R 34,448 against the operating budget of R 907,960, which was within the targeted maximum variance of 10%. The status at the end of the 2009/2010 reflected a variance of 16.20%. All projects (79/79) were started on time exceeding the annual target of 70%. Of these, 84% (66/79) were completed on time and 76% (60/79) were within budget.

1.1.5 The **Intergovernmental Relations Department**:

All projects with Indirect Allocation started on-time and 77% were completed in time. In the second half of the year, all (18/18) of the appointment letters and milestone payment agreements were signed within 30 days after adjudication of tenders. All of the quarterly reports relating to water and air quality standards were submitted as per the milestones for the *Water and sampling testing* project.

1.1.6 The **Corporate Services Department**:



A total of 89.34% (R5 432 702/R6 081 040) of the Indirect Budget YTD has been spent and on par with the 90% annual target. All (51/51) of the *Service level agreements* were drafted and signed within 30 days after adjudication of tenders by the end of the third quarter and the *staff turnover rate* was within target at 4.03% (5/124) . All five projects as per the Indirect Allocations in the Monthly SDBIP report for June 2011 were started on time. These were:

- Revenue Collection/Data Cleansing
- Women's Development Capacity
- Religious Affairs (Moral Regeneration)
- IT for the Region
- Capacity Building/Community Participation

Challenges

The following challenges that impacted on the overall performance levels of the District were identified during the reporting period under review. These issues have been evaluated and corrective measures have been implemented to address these concerns in the 2011/12 financial year. The challenges listed **are not** in sequence of importance.

- The inability to place certain critical vacant positions posed a significant obstacle in fulfilling the responsibilities of GSDM despite 73% of these positions (level 1-4) having being filled. The **Youth Officer's** position has not been filled to secure the implementation of Youth activities. A **Supply Chain Director** has not been appointed to ensure the effective running of the SCM department and its operations, which has resulted in no progress being made with either the *Updating Supply Chain Management (SCM) policy to cater for best practices and amended legislation* and the *Supply Chain Management (SCM) Database* projects. The review of the Supply Chain Policy has been deferred pending this appointment and is now expected to be reviewed in the first quarter of the 2011-2012 financial year after which a service provider can be appointed and the SCM database populated.
- Local Economic Development under performed as a result of the LED Manager who had been appointed being seconded to the Office of the Municipal Manager. This and the lack of appropriate funding resulted in the underperforming of projects including the *District Fresh Produce Market*, *Bio-Fuel plant* and *Development of the Investment Plan* aimed at increasing Local economic Development in the Gert Sibande District Area.
- The review and development of municipal policies to ensure that they were still relevant and applicable were not fully completed.
- Delays in the submittal of quarterly performance data negated the ability of the performance management system to act as an early warning indicator. The performance data is to be supplied in a timelier manner to ensure that GSDM can mitigate potential risk areas at the earliest opportunity. A PMS Manager was appointed by mid-year which will improve on-time delivery of data during 11/12.
- Difficulties have been faced with measurement and credibility of POE. These issues are being addressed through the 2011/2012 IDP and SDBIP review process where targets and project milestones are being modified to ensure they are properly clarified and measureable to ensure accurate and full reporting in the next financial year.
- The *Internal* and *External Surveys* did not take place during the current financial year. This is the third consecutive year that the surveys were not conducted.
- Only five of the six Municipal IDPs were certified credible, as per the 10/11 IDP analysis conducted by Provincial COGTA. Lekwa was not assessed and Mkhondo received a low rating.
- GSDMTAS projects had a low implementation rate due to lack of allocated funding.
- The actual training conducted was not reconciled against the workplace skills development plan, submitted at the beginning of the 2010/11 financial year

Direct Allocation to Local Municipalities

The Government has committed itself to the millennium targets of year 2014 to which all stakeholders and role-players in the country are expected to contribute. The millennium target says:

- Every household must have access to **clean running water** by the year **2014**
- **Decent and safe sanitation** to all households by the year **2014**
- Every household must have **access to electricity** by the year **2012**

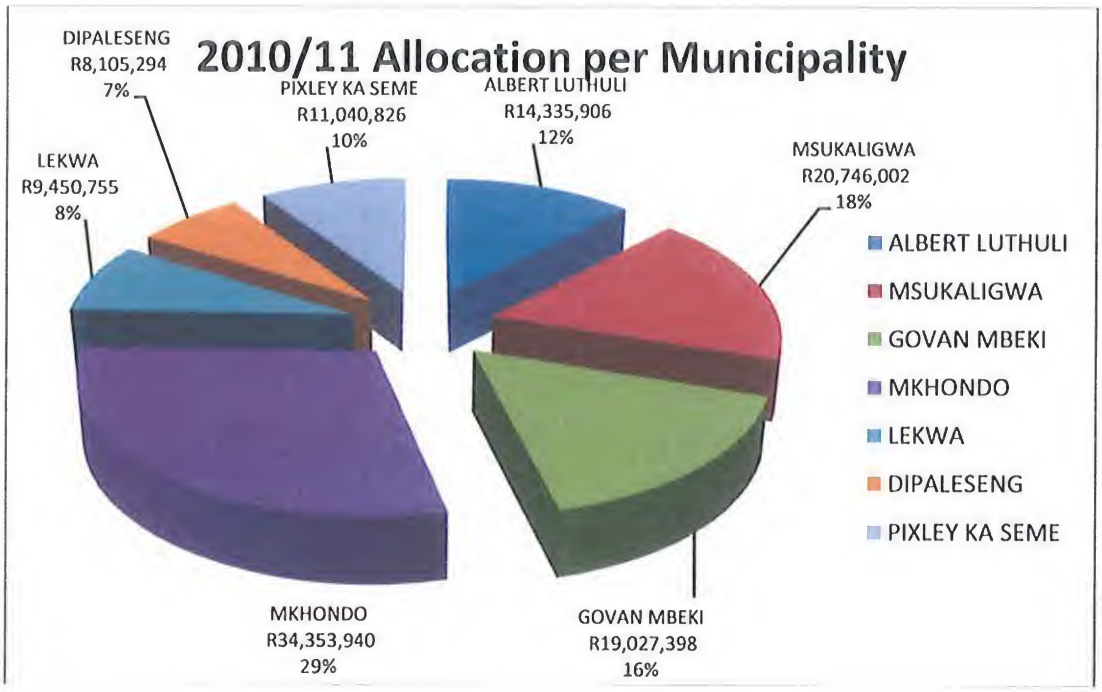
The Gert Sibande District Municipality is obliged in terms of the Municipal Structures Act, Section 83(3) to co-ordinate and integrates the Local Municipalities (WSA's) efforts in order to ensure access to basic water supply and sanitation for all its residents, to ensure integrated water supply and sanitation planning to the water supply and sanitation environment. The Gert Sibande District Municipality further assists the Local Municipalities in terms of Section 88 of the Structures Act, being a support through intergovernmental co-operation and is assisting the municipalities on a number of issues.

In view of the mandate given to the GSDM as mentioned above, the GSDM allocated **R 117,060 million** from its own funding towards the seven Local Municipalities in its region for the 2010/11 financial year in eliminating the backlogs in basic services in adherence to the Millennium target goals and to progressively improve levels of service over time.

The distribution of R 117, 060 million between the different Local Municipalities in the region for 2010/2011 as well as the estimated allocation for the 2011/2012 financial year is indicated in the schedule below:

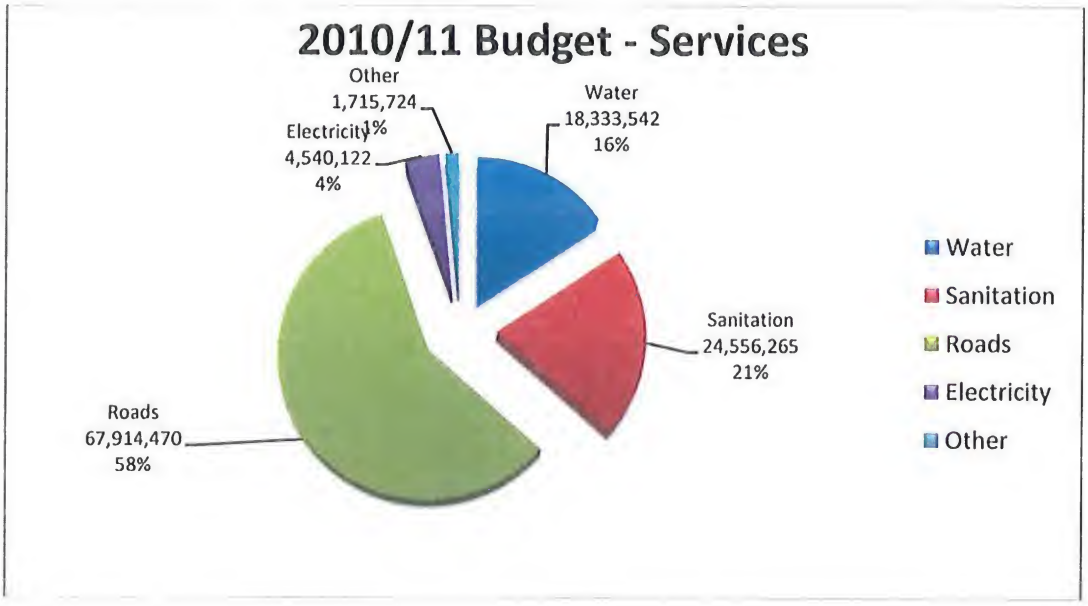
Budget allocation per Local Municipality (Direct Allocations)

MUNICIPALITY	2010/11			2011/2012		
	Total		%			
ALBERT LUTHULI	R	14,335,906	12%	R	12,077,669	9%
MSUKALIGWA	R	20,746,002	18%	R	20,038,106	15%
GOVAN MBEKI	R	19,027,398	16%	R	15,269,946	11%
MKHONDO	R	34,353,940	29%	R	28,845,433	21%
LEKWA	R	9,450,755	8%	R	17,067,181	13%
DIPALESENG	R	8,105,294	7%	R	11,898,690	9%
PIXLEY KA SEME	R	11,040,826	9%	R	30,551,662	22%
TOTAL	R	117,060,121	100%	R	135,748,688	100%



In total **79 projects** including multi-year projects from previous financial years were implemented during the 2010/2011 year and consists of the following types of projects:

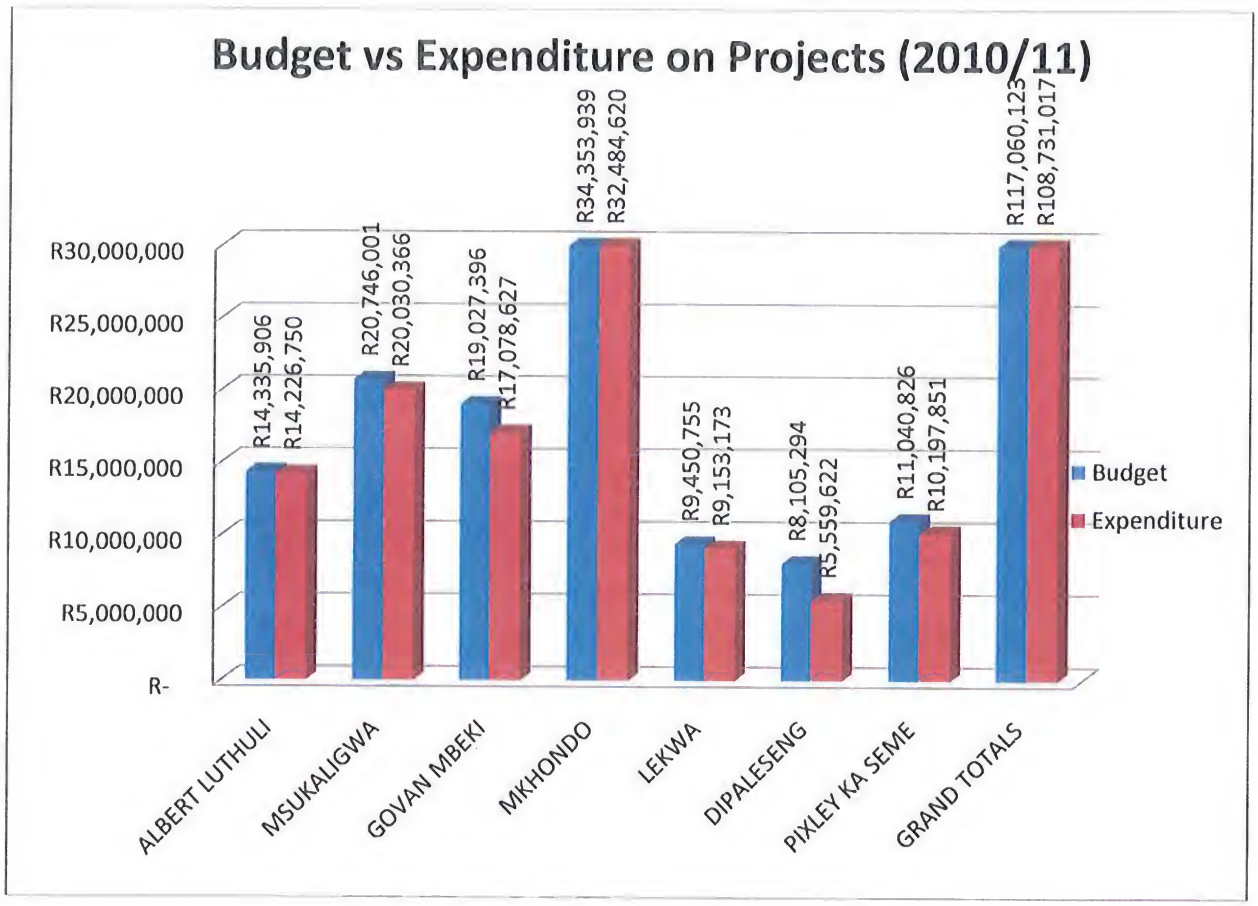
	Water	Sanitation	Roads	Electricity	Other	TOTAL
Budget	18,333,542	24,556,265	67,914,470	4,540,122	1,715,724	117,060,123
% Funding	16%	21%	58%	4%	1%	100%
Amount of projects	25	21	26	1	6	79



It is envisage that a total of **55 projects** including multi-year projects to the amount of R 135 748 688 will be implemented during the 2011/2012 financial year.

The schedule below indicated how the funding was distributed between the different services as well as the expenditure per service at each Local Municipality namely:

SUMMARY - 2010/2011 BUDGET VS EXPENDITURE PER SERVICE (DIRECT ALLOCATIONS)							
Municipality		Water	Sanitation	Roads	Electricity	Other	Total Allocation
ALBERT LUTHULI	Budget	4,810,421	3,143,020	5,882,465	0	500,000	R 14,335,906
	Expenditure	4,801,919	3,268,854	5,693,932	0	462,045	R 14,226,750
	% Expenditure	100	104	97	0	92	99
MSUKALIGWA	Budget	1,002,746	6,081,204	13,662,051	-	-	R 20,746,001
	Expenditure	1,002,513	5,532,754	13,495,099	-	-	R 20,030,366
	% Expenditure	100	91	99	0	0	97
GOVAN MBEKI	Budget	2,000,000	4,134,958	8,352,316	4,540,122	-	R 19,027,396
	Expenditure	1,866,200	4,134,957	6,537,351	4,540,119	-	R 17,078,627
	% Expenditure	93	100	78	100	0	90
MKHONDO	Budget	4,465,606	5,920,000	23,644,614	0	323,719	R 34,353,939
	Expenditure	4,006,168	6,100,838	22,062,060	0	315,554	R 32,484,620
	% Expenditure	90	103	93	0	97	95
LEKWA	Budget	1,990,369	2,134,739	5,325,647	0	-	R 9,450,755
	Expenditure	1,599,881	2,114,738	5,438,554	0	-	R 9,153,173
	% Expenditure	80	99	102	0	0	97
DIPALESENG	Budget	1,244,664	935,000	5,047,376	0	878,254	R 8,105,294
	Expenditure	1,224,562	934,999	2,521,808	0	878,253	R 5,559,622
	% Expenditure	98	100	50	0	100	69
PIXLEY KA SEME	Budget	2,819,734	2,207,342	6,000,000	0	13,750	R 11,040,826
	Expenditure	2,758,452	2,084,235	5,341,414	0	13,750	R 10,197,851
	% Expenditure	98	94	89	0	100	92
GRAND TOTALS	Budget	18,333,542	24,556,265	67,914,470	4,540,122	1,715,724	R 117,060,123
	Expenditure	17,259,697	24,171,377	61,090,221	4,540,119	1,669,603	R 108,731,017
	% Expenditure	94	98	90	100	97	93



Municipality	% Expenditure
ALBERT LUTHULI	99%
MSUKALIGWA	96%
GOVAN MBEKI	89%
MKHONDO	94%
LEKWA	96%
DIPALESENG	68%
PIXLEY KA SEME	92%
GRAND TOTALS	**93%**

Direct Allocation by Service Delivery Classification

Water

Water-related projects could be classified as upgrading of Water Purification Plants, extension and upgrading of bulk water pipelines and the provision of boreholes and hand pumps or windmills. An amount of R 18,333 million was put aside in respect of these projects of which R 17,259 had been spent representing 94% expenditure of the budgeted amount.

Limited funding cause for projects to be implemented partially and this do have the effect to increase project funding relating to escalation of material and general establishment costs.

Sanitation

Projects identified for sanitation include the upgrading of bulk sewerage treatment plants, the upgrading of sewer networks, bulk sewer reticulation and construction of VIP toilets. The District will continue to invest in these projects until the dignity of the communities is restored. An amount of R 24,556 million was provided for sanitation in the budget of which R 24,171 million had been spent representing a 98% expenditure of the budgeted amount.

Maintenance and Operations at the Local Municipal level is not up to a level to sustain the related capital development due to limited funding available for maintenance.

Water and Sanitation Backlogs reduction

Through the implementation of Capital projects that were either new infrastructure projects, upgrading of infrastructure or projects to address maintenance issues that prohibited access to acceptable levels of water and sanitation services, the backlogs in water and sanitation provision have been reduced.

The goal is to eliminate the backlogs in basic water and sanitation provision by the year 2014 and the GSDM and its Local municipalities are working progressively towards this to ensure access and compliance with the Water Services Act of 1997 and more specifically section 11(1) that states as follows; "Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services."

The GSDM has been steadily reducing the water services backlogs and has records of this reduction since the 2004/05 financial year as is illustrated below:

WATER	Est. Backlog - 2004	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Dipaleseng	**3575**	3445	3445	2205	2205	2096	1225	514
Govan Mbeki	**18037**	15037	10302	6798	5307	5170	0	2033
Mkhondo	**16983**	16983	16942	16942	15555	15517	8841	7297
Msukaligwa	**18464**	15930	15930	15145	12626	11765	1216	2225
Lekwa	**12850**	11424	9024	8866	8362	8218	961	868
Pixley ka Seme	**11065**	10134	10134	10088	7632	7331	1750	1861
Albert Luthuli	**15232**	10705	8881	7480	5635	4819	4556	7705
TOTAL (GSDM):	**96206**	**83658**	**74658**	**67524**	**57322**	**54916**	**18549**	**22503**

Source: GSDM 2004 WSDP, GSDM 2009-2013 WSDP, GSDM 2010-2014 WSDP

SANITATION	Est. Backlog - 2004	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Dipaleseng	10341	8243	6697	4792	4792	4570	855	2345
Govan Mbeki	17431	17111	15907	14862	13033	12154	2514	2378
Mkhondo	20791	15511	15511	14975	14787	13229	9234	12099
Msukaligwa	4197	2943	2562	2562	2496	2406	2224	10902
Lekwa	19373	14771	11176	10906	10684	10462	2523	4224
Pixley ka Seme	9096	8175	7190	6985	6031	4561	2500	5939
Albert Luthuli	50877	47476	46389	40403	35401	32105	23015	15359
TOTAL (GSDM):	**132106**	**17876**	**8798**	**9947**	**8261**	**7738**	**42865**	**53246**

Source: GSDM 2004 WSDP, GSDM 2009-2013 WSDP, GSDM 2010-2014 WSDP

From the above Water backlog reductions it is evident that there have been reductions in the backlogs for all municipalities except for the Govan Mbeki, Msukaligwa, Pixley Ka Seme and Albert Luthuli municipalities. These increases in backlogs are due to the migration of people into these areas in search of job opportunities, population growth, and the deterioration of infrastructure condition that denies access to water, which is termed maintenance backlogs. Although the population figures are dynamic in nature and continue to change there has been a considerable reduction in the backlogs with the amount of 73703 households being served with water since 2004, who did not have services at that time.

The sanitation backlogs have also reduces considerably since 2004 with the provision of sanitation to an estimated 76558 households since then.

There is however an increase in the sanitation backlogs of the Msukaligwa municipality and the reasons are assumed to be similar to that of the water backlogs and could be ascribed to the fact that there has been an increase in the migration of people into these areas in search of job opportunities, and some maintenance backlog issues.

The following table indicates the Residential Consumer Units for Water and Sanitation in association to Reconstruction and Development Programme (RDP) standard levels of service, which differs slightly to the above information due to it being associated to consumer units where communities have a formal water or/and sanitation services supply.